



DEVELOPMENT OF A COMPREHENSIVE METHOD FOR ASSESSING INVESTMENT ACTIVITIES OF INSURANCE COMPANIES

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In the conditions of modern economic development, the effective implementation of investment activities, including those performed by insurance companies, is a factor determining economic growth and contributing to the improvement of welfare of the state and the population. The need and prerequisites for investment activities of insurance companies stem from their specific features. The process of providing insurance services is different from other types of entrepreneurship. This is due to the fact that the policyholder advances the insurer, and insurance services are provided after a long time or may not be provided at all. The insurer has free funds, which should be invested in order to generate additional income. Investment activities of the insurer must be regulated by the government, since the policyholders are deprived of the opportunity to control the process of disposing funds provided to the insurance organizations, which may threaten the fulfillment of obligations under insurance contracts. Thus, the goal of state regulation is to minimize the risk of investment due to the secondary nature of the investment portfolio in relation to the insurance portfolio. Investment activities of an insurance company is phased activities of an insurer acting as an investor. Assessing investment activities of an insurance company is useful for the insurer and external users. When analyzing the theoretical provisions of investment assessment, it was revealed that the target audience of the investment analysis can be company owners, counterparties, creditors, and the government. We assume that the assessment of investment activities of the insurance company can be carried out by the insured party, that is, the client of this company. This is especially true for people who want to take out life insurance. The buyer of any service wants to be sure of its quality and compliance with own expectations. Therefore, it is important to treat the choice of an insurance company with due rationalism. You can rely on the assessment of performance of the insurance company by expert agencies, financial statements, or do it yourself. It is necessary to assess the financial position of an insurance company and its investment activities. Insurance reserves include contributions of the insured, which will be invested in assets. An incorrect investment policy can deteriorate the position of an insurance company in the market, its financial performance, and lead to license revocation and bankruptcy. An assessment of investment activities of the insurer will help determine its investment strategy, conscientiousness in meeting legal requirements, etc. If no factors that contradict expectations of a potential client are identified, a decision in favor of this





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company can be made. One should not ignore external factors, the unstable state of the Russian economy. Thus, another principle for developing a method for evaluating investment activities is its practical significance for the insurance company, and a possibility of partial application by ordinary users. Insurance companies are financial institutions aimed to perform insurance activities by protecting interests of individuals and legal entities, the Russian Federation, its regions and municipalities in case of insured events at the expense of monetary funds generated from insurance premiums and other funds (Druva, 2017). The role of insurance companies is not limited to the compensation for losses. In modern conditions, the funds of insurance organizations are used for accumulation and investment. Thus, in addition to insurance activities, insurers perform investment ones. The need and prerequisites for investment activities stem from their specific features. The process of providing insurance services is fundamentally different from other types of entrepreneurship. The policyholder advances the insurer; insurance services are provided after a long time or may not be provided at all. The insurer has free funds, which should be invested in order to generate additional income. Investment activities of the insurer must be regulated by the government, since the policyholders are deprived of the opportunity to control the process of disposing funds, which may threaten the fulfillment of obligations under insurance contracts. Currently, there is no comprehensive method for assessing investment activities of insurance companies, which would cover all stages of the investment process and all assessment areas.

Research Questions The subject of research is theoretical and methodological foundations for assessing investment activities of insurance companies in the Russian Federation. The subject is determined by the weak development of special methods for assessing investment activities of Russian insurance companies. Currently, insurance companies are full-fledged elements of the investment market. Insurance reserves are the most important internal sources of investment, and competent investment management is the key to financial stability and profitability of the insurance companies (Dubik, 2013). Due attention has not been paid to the analysis and development of methods for evaluating investment activities of insurers. In developed countries, insurance companies have accumulated experience in conducting insurance operations and performing investment activities. Their experience testifies to the high importance of insurers as institutional investors, providing an inflow of investment resources into the real sector of the economy. In developed countries, the market mechanism initially formed the basic principles of investment activities of insurers; then they were generalized, systematized and optimized and reflected in the legislation.

4. Purpose of the Study The purpose is to study theoretical, methodological and practical aspects of assessing investment activities of insurance companies and develop a comprehensive method for its assessment.

5. Research Methods The scientific methods applied made it possible to realize the conceptual unity of the research. They are a semantic analysis, a scientific generalization and a graphic presentation.

6. Findings It is





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necessary to emphasize the existence of strict state regulation in the field of investment activities, namely: 1. The following requirements to the insurance companies: to ensure the return on investment; to ensure profitability of investment; to ensure the liquidity of assets; to form a diversified portfolio of assets. 2. To develop instructions, a list of assets for investment of insurance reserves, a procedure for their investment by setting a maximum permitted percentage. In order to ensure license safety, the insurance company must follow legal rules and regulations. In addition, being guided by these principles and requirements, the insurer should ensure stability and profitability of the investment portfolio.

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